

FINANCIAL STATEMENTS

**TOWNSHIP OF FAIRBANKS
DELTA COUNTY, MICHIGAN**

FOR THE YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF FAIRBANKS	County DELTA
Audit Date 3/31/04	Opinion Date 8/9/04	Date Accountant Report Submitted to State: 1/7/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) SCHNEIDER, LARCHE, HAAPALA & COMPANY, PLLC			
Street Address 401 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature <i>Karen L. Meiers CPA</i>		Date <i>1/7/05</i>	

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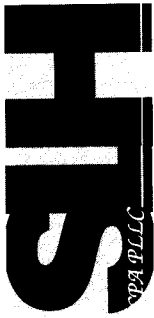
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*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Bruce D. Dewar, C.P.A.
Karen L. Meiers, C.P.A., P.C.

August 9, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Township of Fairbanks
Delta County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Fairbanks, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Fairbank's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Fairbanks, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Fairbanks, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Schneider, Larche, Haapala, & Company, PLLC

Certified Public Accountants

TOWNSHIP OF FAIRBANKS

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Agency</u>	<u>General Fixed Assets</u>	
<u>Assets</u>				
Cash in bank	\$ 63,124	\$ 1,049	\$ -	\$ 64,173
Due from other funds	1,049	-	-	1,049
Taxes receivable	1,769	-	-	1,769
Due from state	2,913	-	-	2,913
Fixed assets	-	-	57,761	57,761
TOTAL ASSETS	\$ <u>68,855</u>	\$ <u>1,049</u>	\$ <u>57,761</u>	\$ <u>127,665</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Due to other funds	\$ -	\$ 1,049	\$ -	\$ 1,049
Payroll taxes withheld	597	-	-	597
TOTAL LIABILITIES	\$ <u>597</u>	\$ <u>1,049</u>	\$ <u>-</u>	\$ <u>1,646</u>
<u>Fund equity:</u>				
Investment in general fixed assets	\$ -	\$ -	\$ 57,761	\$ 57,761
<u>Fund balance:</u>				
Unreserved and undesignated	68,258	-	-	68,258
TOTAL FUND EQUITY	\$ <u>68,258</u>	\$ <u>-</u>	\$ <u>57,761</u>	\$ <u>126,019</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>68,855</u>	\$ <u>1,049</u>	\$ <u>57,761</u>	\$ <u>127,665</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF FAIRBANKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the year ended March 31, 2004

	Governmental Fund Type <u>General</u>
Revenues:	
Property taxes - operating	\$ 16,106
Other taxes	5,080
State revenue sharing	21,636
Property tax administrative fee	3,516
Property tax penalty and interest	1,049
Charges for services	1,215
Interest	489
Miscellaneous	<u>3,524</u>
TOTAL REVENUES	\$ <u>52,615</u>
Expenditures:	
Legislative:	
Township Board	\$ 799
General government:	
Supervisor	2,785
Equalization	2,296
Assessor	8,253
Clerk	2,633
Board of Review	755
Treasurer	6,264
Township hall and grounds	4,681
Cemetery	1,405
Payroll taxes	1,080
Ads and dues	549
Miscellaneous	818
Capital outlay	868
Public safety:	
Fire protection	4,433
911 dispatch	383
Ambulance	5,884
Public works:	
Street lights	218
Capital outlay	7,500
Road maintenance	3,325
Parks	122
Other:	
Insurance	<u>4,783</u>
TOTAL EXPENDITURES	\$ <u>59,834</u>
Excess (deficiency) of revenues over expenditures	(\$ 7,219)
Fund balance, beginning of year	<u>75,477</u>
Fund balance, end of year	\$ <u><u>68,258</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF FAIRBANKS

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES

For the year ended March 31, 2004

	General Fund		
	<u>Budget</u>	<u>Actual</u>	Budget Variance Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 15,818	\$ 16,106	\$ 288
Other taxes	5,090	5,080	(10)
State revenue sharing	23,766	21,636	(2,130)
Property tax administrative fee	-	3,516	3,516
Property tax penalty and interest	1,145	1,049	(96)
Charges for services	3,175	1,215	(1,960)
Interest	-	489	489
Miscellaneous	<u>429</u>	<u>3,524</u>	<u>3,095</u>
TOTAL REVENUES	\$ <u>49,423</u>	\$ <u>52,615</u>	\$ <u>3,192</u>
Expenditures:			
Legislative:			
Township Board	\$ 750	\$ 799	(\$ 49)
General government:			
Supervisor	3,000	2,785	215
Elections	500	-	500
Equalization	900	2,296	(1,396)
Assessor	8,300	8,253	47
Clerk	2,900	2,633	267
Board of Review	700	755	(55)
Treasurer	5,350	6,264	(914)
Township hall and grounds	5,500	4,681	819
Cemetery	1,500	1,405	95
Payroll taxes	2,000	1,080	920
Ads and dues	600	549	51
Miscellaneous	500	818	(318)
Capital outlay	-	868	(868)
Public safety:			
Fire protection	4,422	4,433	(11)
911 dispatch	400	383	17
Ambulance service	4,000	5,884	(1,884)
Public works:			
Street lights	350	218	132
Capital outlay	-	7,500	(7,500)
Road maintenance	3,500	3,325	175
Recreation and culture:			
Parks and recreation	200	122	78
Other:			
Insurance	<u>5,100</u>	<u>4,783</u>	<u>317</u>
TOTAL EXPENDITURES	\$ <u>50,472</u>	\$ <u>59,834</u>	(\$ <u>9,362</u>)
Excess (deficiency) of revenues and expenditures	(\$ 1,049)	(\$ 7,219)	(\$ 6,170)
Fund balance, beginning of year	<u>75,477</u>	<u>75,477</u>	-
Fund balance, end of year	\$ <u>74,428</u>	\$ <u>68,258</u>	(\$ <u>6,170</u>)

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF FAIRBANKS

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Township applies criteria set forth in generally accepted accounting principles in evaluating how to define the Township for financial reporting purposes. These principles require that the financial statements present the Township and its component units, if any. Component units are separate entities for which the Township government is considered financially accountable. The Township has determined that no component units currently exist for the Township.

Basis of Presentation - The major focus of a governmental accounting and reporting system is to show adherence to applicable legal provisions and to determine fairly and with full disclosure the financial position and results of financial operations of each accounting entity within a governmental unit.

In accordance with the above criteria, the accounts of the Township of Fairbanks are organized on the basis of individual funds or account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate, self-balancing set of accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories and three generic fund types and account groups as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources and transactions not properly or legally accounted for in another of the Township's funds.

Fiduciary Fund:

Trust and Agency Funds - The Township's agency fund is used to account for assets held by the Township as agent for other governmental units. The only agency fund maintained by the Township is a Current Tax Collection Fund.

Account Group:

General Fixed Assets Account Group - The account group presents the fixed assets utilized in its general operations in accordance with generally accepted accounting principles.

TOWNSHIP OF FAIRBANKS

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - The Township's policy is to prepare its financial statements on the modified accrual basis of accounting. Under this basis, revenues are recognized when measurable and available and expenditures are recognized when incurred. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

General Fixed Assets - Fixed assets are stated at historical cost. In accordance with generally accepted accounting principles, no provision is made for depreciation of fixed assets in the General Fixed Asset Account Group.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF FAIRBANKS

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Memorandum Totals and Comparability - The total column of the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH DEPOSITS

Cash deposits are recorded at cost. All Township cash deposits are held in federally insured banks located in the State of Michigan. During the past year, cash balances deposited have exceeded the maximum federally insured deposit levels.

Cash balances as of March 31, 2004 consisted of the following:

Interest bearing deposits	\$ 42,942
Interest bearing time deposits	<u>21,231</u>
	\$ <u>64,173</u>

Total uninsured and unsecured deposits as of March 31, 2004 amounted to \$21,051, based on actual bank balances on that date of \$163,994.

NOTE 3 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/04</u>
Land and improvements	\$ 3,300	\$ -	\$ -	\$ 3,300
Buildings and improvements	51,313	-	-	51,313
Equipment	<u>2,280</u>	<u>868</u>	<u>-</u>	<u>3,148</u>
TOTALS	\$ <u>56,893</u>	\$ <u>868</u>	\$ <u>-</u>	\$ <u>57,761</u>

TOWNSHIP OF FAIRBANKS

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2004

NOTE 4 - PROPERTY TAXES

The Townships annual property tax on real and personal property within the Township is levied on December 1, and is based on assessed valuation of property as of the preceding December 31. Assessed valuation, which is required by law to be 50% of current market value, is established by the Township and is subject to possible equalization by the State.

In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Unpaid taxes as of February 28 are considered delinquent. Delinquent real property taxes are subsequently turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent bills.

NOTE 5- RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts, thefts, accident, errors, omissions, injury and disaster. The Township's principal source used to manage these risks is through the purchase of commercial insurance policies.

TOWNSHIP OF FAIRBANKS

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

For the year ended March 31, 2004

Township Board:	
Wages	\$ <u>799</u>
Supervisor:	
Salary	\$ 2,431
Travel	298
Miscellaneous	<u>56</u>
	\$ <u>2,785</u>
Equalization:	
Annual fees	\$ 1,006
Miscellaneous	<u>1,290</u>
	\$ <u>2,296</u>
Assessor:	
Contracted services	\$ <u>8,253</u>
	\$ <u>8,253</u>
Clerk:	
Salary	\$ 2,431
Supplies	68
Travel	<u>134</u>
	\$ <u>2,633</u>
Board of Review:	
Wages	\$ 585
Miscellaneous	<u>170</u>
	\$ <u>755</u>
Treasurer:	
Salary	\$ 4,819
Deputy	600
Travel	75
Supplies	<u>770</u>
	\$ <u>6,264</u>

TOWNSHIP OF FAIRBANKS

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT (Continued)

For the year ended March 31, 2004

Township hall and grounds:

Wages	\$ 600
Supplies	46
Utilities	1,797
Repairs and maintenance	1,385
Miscellaneous	<u>853</u>
	\$ <u>4,681</u>

Cemetery:

Wages	\$ 1,200
Miscellaneous	150
Repairs and maintenance	<u>55</u>
	\$ <u>1,405</u>

Payroll taxes

\$ 1,080

Ads and dues

\$ 549

Miscellaneous

\$ 818

Capital outlay - computer software

\$ 868

Fire protection

\$ 4,433

911 dispatch

\$ 383

Ambulance service

\$ 5,884

Highways and streets:

Street lighting	\$ 218
Capital outlay - paving	7,500
Road repairs	<u>3,325</u>
	\$ <u>11,043</u>

Parks and recreation:

Miscellaneous	\$ <u>122</u>
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Insurance

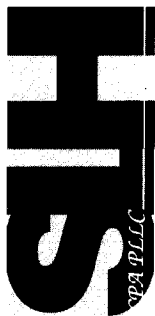
\$ 4,783TOTAL EXPENDITURES \$ 59,834

TOWNSHIP OF FAIRBANKS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
CURRENT TAX COLLECTION FUND

For the year ended March 31, 2004

<u>Assets</u>	Balance <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>03/31/04</u>
Cash in bank	\$ 5	\$ 356,347	\$ 355,303	\$ 1,049
Taxes receivable	<u>-</u>	<u>393,967</u>	<u>393,967</u>	<u>-</u>
TOTAL ASSETS	\$ <u>5</u>	\$ <u>750,314</u>	\$ <u>749,270</u>	\$ <u>1,049</u>
<u>Liabilities</u>				
Due to other funds	\$ 5	\$ 17,829	\$ 16,785	\$ 1,049
Due to other governmental units	<u>-</u>	<u>338,518</u>	<u>338,518</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>5</u>	\$ <u>356,347</u>	\$ <u>355,303</u>	\$ <u>1,049</u>



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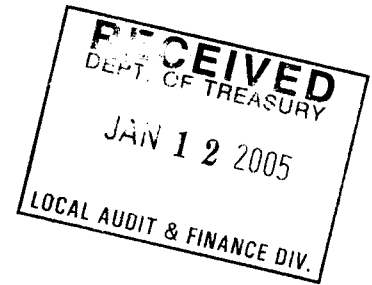
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Karen L. Meiers, C.P.A., P.C.

August 9, 2004



To the Township Board
Township of Fairbanks
Delta County, Michigan

In planning and performing our audit of the financial statements of the Township of Fairbanks for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgement, could adversely affect the Township of Fairbanks' ability to initiate, record, process, and report financial data consistent with assertions of management in the financial statements.

Due to the limited number of Township officials, the Township is limited as to the extent to which it can segregate the duties of officials involved in the cash receipt, cash disbursement, and recording of transaction functions. Officials perform duties in which they have access to both physical assets and the related accounting records.

We noted during our audit procedures that cash and checks are not being deposited to the bank frequently enough. This practice opens the Township to the threat of a loss or theft of cash.

The Township clerk and treasurer each keep a separate set of records. During our audit procedures we noted that the clerk and treasurer have not been comparing their records and balances on a periodic basis. By comparing their records, any errors and differences would be located and corrected in a timely manner.

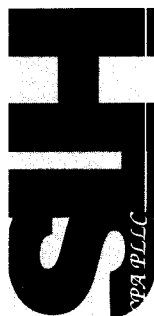
The Township Board does not review or approve the detail of the Township's invoices for expenditures, either before or after payment.

This report is intended solely for the information and use of the Township Board, management, and other within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Schneider, Larche, Haapala & Company, PLLC

Certified Public Accountants





*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
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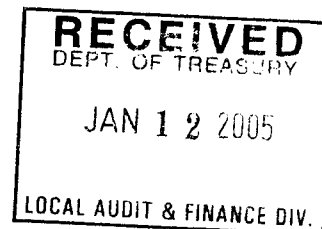
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August 9, 2004



To the Township Board
Township of Fairbanks
Delta County, Michigan

In planning and performing our audit of the financial statements of the Township of Fairbanks, Michigan for the year ended March 31, 2004, we considered the Township's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our recommendations and comments are presented to assist the Township in adhering to State accounting and budgeting requirements and to strengthen internal controls. The memorandum that accompanies this letter summarizes our recommendations and comments regarding those matters. A separate report dated August 9, 2004 contains our report on reportable conditions in the Township's internal control.

We will be pleased to discuss these recommendations and comments in further detail at your convenience. We appreciate the assistance provided to us by the Township officials and look forward to working with them in the future.

Schneider, Larche, Haapala, Company, PLLC

Certified Public Accountants



SEGREGATION OF DUTIES AND ACCOUNTING PROCEDURES

Due to the limited number of Township officials, the Township is limited as to the extent to which it can segregate duties of officials involved in the cash receipt, cash disbursement, and recording of transaction functions. Officials perform duties in which they have access to both physical assets and the related accounting records. We recommend that the Township review the Michigan Department of Treasury's Uniform Accounting Procedures Manual, which provides guidance and procedures for implementing as much segregation of duties as possible.

TIMELY DEPOSITS OF CASH RECEIPTS

We noted during our audit procedures that cash and checks are not being deposited to the bank frequently enough. This practice opens the Township to the threat of a loss or theft of cash. We recommend that deposits be made at least weekly and even more frequently during periods of increased cash flows.

TOWNSHIP BOARD REPORTING AND APPROVAL PROCESS SHOULD BE IMPROVED

The Township Board should be provided with receipts and disbursement journals or check register reports and a balance sheet. If possible, detailed budget to actual information should also be provided to the Board periodically. In addition, the Board should be presented with all invoices that should be reviewed and approved. The Township should review its policy with regard to authorizing payments before formal approval is made by the Board to determine if it is effective and in accordance with the Board's understanding.

SIGNATURE ON BOARD MINUTES

We noted during our review of the Township Board minutes that the minutes were not signed by the Township clerk. We recommend that the Township clerk sign the minutes.

BUDGET PROCEDURES

During our review of the Township's budget procedures the following matters were noted:

- The Township's budget for the year ended March 31, 2004 did not include the ending fund balance as required by the Uniform Budget Act of the State of Michigan.
- The Township had several instances of excess expenditures over budget.

We recommend that the Township revise its procedures to insure that the ending fund balance data is included in the annual budget as required by the State. The Township also needs to monitor its budget periodically during the year to insure proper control of expenditures. Budget amendments should be adopted prior to expenditures.

CHANGES IN GOVERNMENTAL ACCOUNTING STANDARDS

On June 30, 1999 the Governmental Accounting Standards Board (GASB) unanimously approved GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The adoption of this statement will result in a significant change in the way local governments are required to report and present financial information. The Local Audit and Finance Division of the Treasury Department of the State of Michigan is responsible for overseeing local unit compliance with P.A. 2 of 1968, and has determined that ceratin sections of the new standards would not need to be adopted by local governments, due to the cost of implementation exceeding the benefit of the additional information. However, qualifications for certain federal grants and awards could be affected by compliance with the new standards. We recommend that the Township examine the scope and applicability of this new standard since implementation will require planning and preparation.